GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3720
ANSWERED ON:27.04.2007
POWER TARIFF
Verma Shri Ravi Prakash

Will the Minister of POWER be pleased to state:

(a) whether the power tariff policy announced by the Union Government in January, 2006 specifies that a multi year tariff framework has to be adopted for any tariff determined from April 1, 2006;

(b) if so, the details thereof;

(c) whether many State Governments are yet to firm up its stand on the issue; and

(d) if so, the steps taken by the Union government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a): Yes, Sir.

(b): Relevant extract of the Tariff Policy is reproduced below: `Section 61 of the Act states that the Appropriate Commission, for determining the terms and conditions for the determination of tariff, shall be guided inter-alia, by multi- year tariff principles. The MYT framework is to be adopted for any tariffs to be determined from April 1, 2006. The framework should feature a five-year control period. The initial control period may, however, be of 3 year duration for transmission and distribution if deemed necessary by the Regulatory Commission on account of data uncertainties and other practical considerations. In cases of lack of reliable data, the Appropriate Commission may state assumptions in MYT for first control period and a fresh control period may be started as and when more reliable data becomes available.`

(c) & (d) : Under the provisions of the Electricity Act, 2003, determination of tariff is the function of the appropriate Electricity Regulatory Commission. The Multi Year Tariff (MYT) framework is therefore required to be put in place by the Electricity Regulatory Commissions. As per available information, Multi-Year Tariff regulations/orders have been issued by the Central Electricity Regulatory Commission and the State Electricity Regulatory Commissions (SERC) of Orissa, Andhra Pradesh, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Karnataka and West Bengal. The Delhi Electricity Regulatory Commission has issued draft regulations.

Punjab SERC has informed that the tariff regulations issued by it cover most of the MYT principles required for determination of Annual Revenue Requirement by the Utility in the State. However, the SERC has decided to defer implementation of the MYT framework in the State till the State Electricity Board is reorganized.